

June 13, 2001

Ms. Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

re: Market Competition – Technical Conference of May 31

Dear Ms. Secretary:

As consultants, XENERGY represents many current and potential Competitive Suppliers (CSs) for the electric industry, and has some of the most extensive knowledge of retail energy markets. Many of our clients are interested in electric customer migration rates as a way to assess the current and future market potential. Massachusetts publishes such information at the statewide level courtesy of the DOER (http://www.state.ma.us/doer/pub_info/migrate.htm as both a table and as a spreadsheet file). The format (i.e. by both customer and kWh, aggregated by multiple customer classes, aggregated by default service / standard offer / competitive supply) and the frequency (i.e. monthly) are appropriate. Nevertheless the information is much less useful than it could be. The information is published on a statewide basis instead of that of each local distribution company (LDC). This is unusual for a major state involved in electric restructuring. Illinois, Maine, Maryland, New Jersey, New York, Ohio (very shortly), Pennsylvania, and even Michigan, Texas and Virginia which are only partially open, all report customer migration at the LDC level (see Table 1). Indeed the only other major state to report cumulative customer migration at the statewide level is California.

CSs participate in markets. Markets are defined by rules and these rules vary significantly by LDC. Thus Massachusetts would not be defined as one market, but each LDC would be. Clients (e.g. potential CSs) have been surprised and disappointed at the lack of detail. The lack of detail is one more market barrier, one more risk factor that CSs must overcome when deciding which of many markets and states to which they will allocate their finite resources.

We have discussed this issue with representatives of the DOER. They collect the customer migration information at the LDC level of detail, but currently do not publish the LDC migration information on a regular basis (i.e. monthly, though some of this information has been published in less frequent market monitoring reports). XENERGY suggests that the DOER make the LDC customer migration information available on its website at the same URL as noted above. We are aware that the website has a particular format. Probably the easiest modification would be to keep the format of the table at http://www.state.ma.us/doer/pub_info/migrate.htm the same (i.e.

just publish the statewide migration as text), but add the LDC detailed level migration information into separate worksheets of the spreadsheet file (http://www.state.ma.us/doer/pub_info/migrate2.xls) that is linked at http://www.state.ma.us/doer/pub_info/migrate.htm. We believe following our suggestion will lower one more barrier to CS market entry with minimal effort by DOER staff, and no extra effort from the LDCs

Table 1
Retail Electric Customer Migration by Load/Energy

State / LDC	Residential	Commercial	Industrial	Total	Report Date
AZ	0.0	0.0	0.0	0.0	06/08/2001
CA	1.1	1.1* / 2.8#	3.0	2.1	04/30/2001
CT	0.0	0.0	0.0	0.1	05/05/2000
CL&P	0.0	0.0	0.0	0.1	05/05/2000
UI	0.0	0.0	0.0	0.1	05/05/2000
DE	n/a	n/a		n/a	04/06/2001
DEC	n/a	n/a		n/a	04/06/2001
DP&L	0.0	0.3		0.2	04/06/2001
IL	n/o	15.5	41.9	18.9	04/30/2001
AmerenCIPS	n/o	9.1	13.6	7.7	04/30/2001
AmerenUE	n/o	0.2	0.0	0.0	04/30/2001
CILCO	n/o	0.0	0.0	0.0	04/30/2001
ComEd	n/o	20.4	44.9	21.2	04/30/2001
IP	n/o	11.3	47.6	26.1	04/30/2001
MidAmerican	n/o	8.6	3.6	4.0	04/30/2001
MA	0.1	4.1* / 1.6#	13.4	5.6	03/31/2001
MD	1.2	5.1		3.3	04/27/2001
Allegheny	0.0	0.4		0.2	04/27/2001
BG&E	0.0	1.0		0.5	04/27/2001
Conectiv	0.0	0.7		0.3	04/27/2001
Pepco	4.4	19.0		11.6	04/27/2001
ME	0.7	22.1	66.7	33.6	04/30/2001
BHE	0.3	9.0	38.0	16.0	04/30/2001
CMP	0.3	24.0	77.0	39.0	04/30/2001
MPS	9.9	63.0	56.0	34.0	04/30/2001
MI	n/a	n/a	n/a	2.7	Mixed
Consumers	n/a	n/a	n/a	1.0	05/25/2001
DTE	n/a	n/a	n/a	3.7	05/21/2001
NJ	1.1	8.0		4.9	Mixed
Conectiv	1.5	6.9		4.3	04/20/2001

Table 2
Retail Electric Customer Migration by Load/Energy - Continued

State / LDC	Residential	Commercial	Industrial	Total	Report Date
GPU	0.2	5.5		2.8	04/30/2001
PSEG	1.5	9.5		6.3	04/04/2001
Rockland	0.0	1.2		0.5	03/12/2001
NY	4.5	23.8		17.3	03/31/2001
CHG&E	0.1	0.2		0.1	03/31/2001
ConEd	3.5	34.8		24.6	03/31/2001
NYSEG	4.5	19.0		13.1	03/31/2001
NMPC	4.2	16.1		12.4	03/31/2001
O&R	10.9	18.6		15.8	03/31/2001
RG&E	10.9	28.8		22.8	03/31/2001
OH	n/a	n/a	n/a	n/a	n/a
Allegheny	n/a	n/a	n/a	n/a	n/a
AEP	n/a	n/a	n/a	n/a	n/a
Cinergy	0.2	3.0	0.1	n/a	06/01/2001
DP&L	n/a	n/a	n/a	n/a	n/a
FirstEnergy	n/a	n/a	n/a	n/a	n/a
PA	14.1	24.8	24.5	20.5	Mixed
Allegheny	0.4	3.5	5.8	2.7	04/01/2001
Duquesne	34.8	23.1	17.1	25.8	04/01/2001
GPU	4.8	26.9	39.5	21.7	04/01/2001
PECO	34.5	38.7	27.0	33.1	04/01/2001
Penn Power	6.5	5.3	16.9	8.6	04/01/2001
PPL	1.8	21.0	18.4	10.5	04/01/2001
RI	n/a	n/a	n/a	4.4	03/31/2000

n/a = not available, n/o=not open, *= Small Commercial, #=Large Commercial

Sincerely,

XENERGY Inc.

Thomas S. Michelman